
TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

CHAPTER 38.5 - GUIDELINES FOR STEWARDSHIP ASSET REPORTING

1.	INTRODUCTION	1
2.	DEFINITIONS	2
3.	REQUIREMENT	5
4.	PROCESS	6
5.	CAPITALIZATION AND EXPENSE REPORTING	8
6.	REPORTING	9
7.	RESPONSIBILITIES	10
	EXHIBITS	12
	I. Notification of Heritage Assets	
	II. Stewardship Assets Report	
	III. Statement of Property Transfer Authority	

1. INTRODUCTION

A. Background

Several laws enacted by the Congress require a new level of coordination between the Real Property Inventory (RPI) and overall financial records of all Federal agencies. These laws are the Chief Financial Officers Act of 1990, Public Law (P.L.) 101-576, and Title V of the Federal Financial Management Act of 1994, P.L. 103-356. As a result of these Acts, the Federal Accounting Standards Advisory Board (FASAB) developed Statement # 8 - Supplementary Stewardship Reporting. This statement establishes standards over how Federal agencies will report Stewardship assets. Included in stewardship assets are some real property assets. This reported information is then included in the required yearly agency audit.

Real property asset value is normally increased (capitalized), or possibly decreased, by facilities projects that improve or construct (build or improve an asset such as a facility, building, structure) or reduce (possibly demolish) the value of an asset. However, once the property is established as a stewardship asset it is accounted for and tracked by a different methodology than regular real property assets.

B. Purpose

These guidelines establish procedures to ensure stewardship asset accountability as it pertains to certain IHS real property assets. Because the Government has been entrusted with and made accountable for these resources, they are required to be reported in the financial reports of the Government and of its component entities. The overall goal of the audit is that the Federal Government "report on the broad outcomes of its actions." Such reporting may provide information that could help report users assess the impact of the Government's operations and investments for the period. These stewardship asset procedures will be used in

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

conjunction with those procedures outlined in Technical Handbook chapter Guidelines for Real Property Assets Accountability and any other guidelines or procedures relating to the required audit.

The information and values in the RPI must reconcile with the agency's financial general ledger and the expenses indicated in the ledger. That includes all changes in the capital value of the Federal real property assets managed by the Indian Health Service (IHS). These guidelines will only deal with the stewardship real property portion of the records and actions needed by real property, project managers, and facilities personnel to insure this reconciliation. Personnel handling real property and facilities issues will need to work closely with finance personnel to ensure correct identification, costing, recording, and reconciliation of these costs. These guidelines are to ensure consistency, verification, and justification for the values and costs being included in the RPI.

Both Stewardship properties and regular IHS properties are subject to Chapter 38-2, Guidelines for Real Property Assets Accountability as indicated below. These requirements are mandated to ensure compliance with the above cited laws and standards.

C. Scope

These guidelines apply to all IHS-held (and thus Federally owned) stewardship real property assets whether managed by the IHS or others (compact/contract Tribe, other Federal agencies, or state and local governments). These guidelines provide a standard methodology to determine, account for, and annually report on stewardship assets.

2. DEFINITIONS

Applied Research - A stewardship asset that is not applicable to IHS.

Area Realty Officer (ARO) - The IHS Area designee responsible for carrying out the inherently governmental policies and procedures of the Office of the Secretary, Department of Health and Human Services (DHHS), IHS, and the General Services Administration (GSA) in matters relating to the acquisition, management, accountability, and disposal of federally owned or leased real property.

Basic research - A stewardship asset that is not applicable to IHS.

Budgetary resources - A stewardship asset that is not applicable to IHS.

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

Capital Expenditure - The cost of an improvement made to extend the useful life of a property or to add to its value.

Capital Improvement - Any structure or component erected as a permanent improvement to real property that adds to its value, useful life, or its capacity.

Capitalization - Cost accounting procedure that records and carries forward into future periods the increase and decrease of the value of real property as a result of new construction and improvements to or disposal of the real property.

Construction-in-Progress (CIP) - A project that is under construction and not 'placed in-service' or having 'beneficial occupancy.' In both the real property and general ledger systems, all project costs (except the acquisition of land) accumulate in CIP until a project is 'placed-in-service.' Specific general ledger account and related object class codes are maintained in the RPI and financial system for CIP. Through monthly reconciliation process with Finance, the RPI logs cumulative payments to date for each construction project (See Exhibit I for general ledger account descriptions and object classes.)

Federal Mission Property, Plant, and Equipment (PP&E) - A stewardship asset that is not applicable to IHS.

FASAB #6 - The Federal Accounting Standards Advisory Board (FASAB) standard titled, "Accounting for Property, Plant and Equipment (PP&E)". This institutes the new accounting and accountability process for Federal agencies and real property asset management.

FASAB #8 - The Federal Accounting Standards Advisory Board (FASAB) standard titled, "Supplementary Stewardship Reporting". This institutes the new accounting and accountability process for stewardship asset management.

General Ledger - The General Ledger accounts for all expenditures by the IHS. Description is for information only and is used by IHS Finance Officers during the reconciliation process.

Heritage Assets - Assets that have historical or natural significance; cultural (i.e., artifacts, educational or aesthetic value,) or significant architectural characteristics. (FASAB #8)

Human Capital - A stewardship asset that is not applicable to IHS.

Improvements - This includes work that encompasses structural changes, additional space, new or expanded utilities, deletion, conversion or alterations, modernization and/or special utilization changes to buildings, structures or grounds.

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

Maintenance - The act of keeping fixed assets in usable condition. It includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities to preserve the asset so that it continues to provide acceptable services and achieves its expected life. Refers to the day-to-day work required to preserve real property facilities to prevent premature failure or wearing out of system components.

Maintenance **excludes** activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Non-Federal Physical Property - Physical properties financed by the Federal government but owned by state, local or tribal governments. Includes assets transferred to tribes.

Real Property - Real property (or real estate) consists of land, land rights, land improvements, buildings, capital leases, real property installed equipment, donated buildings, other structures and appurtenances.

Real Property Inventory (RPI) - the IHS wide asset management database and subsidiary ledger that accounts for federally owned real property for which IHS has custody and accountability.

Research and Development - A stewardship asset that is not applicable to IHS.

Stewardship - 'The Federal governments responsibility for the general welfare of the nation in perpetuity.' (FASAB #8)

Stewardship Land - Land or land rights owned by the Federal Government that are not acquired for or in connection with items of general plant, property or equipment. All IHS managed land was acquired and is used in connection with general plant, property and equipment. Therefore, this is a stewardship asset category that is not applicable to IHS.

Stewardship responsibilities - 'The projected impact on the Government of sustaining the current services that it provides pursuant to laws already enacted.' (FASAB #8)

Trust Land - For this Stewardship Asset reporting purpose, Indian Trust Land is defined as trust land under the care and management of the Indian Health Service as an agent of the Federal government. The land is to be returned to the Bureau of Indian affairs to be held in trust when no longer required by IHS. Not including plant, property and equipment on that land.

3. REQUIREMENT

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

The above referenced laws require an agency to provide an audit of its financial status each year, including real property information. Included in this is the requirement to report stewardship assets.

The FASAB #8 identifies the following six types of stewardship assets:

- a. Heritage Assets
- b. Federal Mission Property, Plant, and Equipment
- c. Stewardship Land
- d. Non-Federal Physical Property
- e. Human Capital
- f. Research and Development

Of these six types, the IHS has only the following real property Stewardship Assets:

- a. Heritage Assets
- d. Non-Federal Physical Property

However, while not defined in the specific categories above, the IHS maintains another real property asset that fits the overall definition of Stewardship Assets: Indian Trust Land. Therefore, the IHS will report on three types of real property Stewardship Assets:

- a. Heritage Assets
- b. Non-Federal Physical Property
- c. Indian Trust Land

For Heritage Assets the following elements are required to be reported:

- a. By type.
- b. Number of physical units, buildings, structures, or acres.
- c. Acquisition or withdrawal (i.e. excessed or transferred) method and number.
- d. Statement of Condition of asset.
- e. Capitalization and expense values by fiscal year. (This will be reported as part of reports other than the Stewardship Asset Report, Real Property Capital Asset Report and financial expense reports.)

For Non-Federal Physical Property the following elements are required to be reported:

- a. A description of Federally owned real property transferred to a tribe.
- b. Statement indicating authority under which the transfers take place.
- c. Value of the transferred asset.
- d. Data on assets transferred over the past four years.

For Indian Trust Land the following elements are to be reported:

- a. Number of units
- b. Location

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

4. PROCESS

A. Introduction

The Real Property Inventory (RPI) contains accountable data for IHS managed Federal real property. The RPI is a subsidiary ledger to the IHS financial general ledger that documents all asset values for real property including acquisitions, improvements, transfers and disposal actions. This section describes the responsibilities and process for documenting, approving, and reconciling real property Stewardship Assets data in the RPI.

B. Determination of Stewardship Responsibilities

1. Identification of a "Heritage Asset."

- a. The FASAB #8 defines these assets as having historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics.
- b. Heritage assets are expected to be preserved indefinitely (on the National Register of Historic Places).
- c. For IHS, real property Heritage Assets are the following:
 1. Listed on National Register of Historic Places.
 2. Portions of buildings having locally acknowledged artistic and cultural identity; ie., wall murals.
 3. Memorials or monuments (A significant structure, not a plaque).
 4. Other assets as determined by the Area Realty Officer that meet part (a) above.

Heritage
address. This
only.

Note: IHS may also have personal property
Assets that this guideline does not
guideline addresses real property

2. Identification of "Non-Federal Physical Property."

- a. Federal real property assets transferred to a tribe.

3. Identification of "Indian Trust Land"

- a. Land transferred to IHS identified and held for that purpose. (See RPI for identification)

C. Tribal Participation

1. Notification will be provided those tribe(s) that operate Federal facilities for those assets determined to be Heritage Assets. Notification shall describe

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

the impact such designation may have on health care delivery. Notification shall include the offer to work with the tribe(s) in determining other Heritage Assets. See Exhibit I, Notification of Heritage Assets.

2. The tribe may elect to identify Heritage Assets owned by the Federal Government. The Area Realty Officer shall consult with the tribe in making a determination designating a Heritage Asset.

D. Recording Methodology

Heritage Assets are not always used solely for heritage purposes, many in the IHS serve two purposes. They remind us of our heritage and are used in the day to day government operations unrelated to the asset itself. The costs of renovating or improving heritage portions of the asset to facilitate government operations are capitalized. Capitalization is in accordance with those procedures outlined in Technical Handbook chapter Guidelines for Real Property Assets Accountability. Costs associated with renovating or reconstructing the Heritage portion of the asset shall be expensed. This distribution of costs will be reflected in the Real Property Report developed for a project as outline in the above chapter.

This will result in costs recorded in the RPI and reported in the Real Property Capital Asset Report for capitalization value. Additionally other costs would be expensed and reported accordingly.

This process is outlined in more detail below.

Non-federal Physical Property and Indian Trust Property have no recording requirements beyond normal real property recording requirements.

D. Affect/Non-Affect on Tribal Shares

1. There is no anticipated impact to tribal shares.

E. Continuing M&I Eligibility

1. Heritage Assets will continue to be eligible for maintenance and improvement funding when meeting criteria for M&I eligibility.

F. Other

1. Federal Transfers - The transferring agency's net book value is recorded in the RPI.

5. CAPITALIZATION AND EXPENSE REPORTING

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

A. Introduction

This section provides a methodology for distributing Stewardship Asset costs into the RPI. As indicated above, not all Stewardship Assets are used solely for heritage purposes; some serve two purposes by providing reminders of our heritage and by being used in the day to day operations of the government. Therefore costs are split as indicated below. Additionally, the distribution of other costs are indicated below.

B. Recording of Costs

1. Costs of renovating or reconstructing the Stewardship Asset (Heritage Asset) that cannot be associated directly with the day to day operations of providing health care and are intended to maintain the condition of the asset for national heritage value shall be considered Stewardship Asset costs and identified as expensed costs.
2. The costs of renovating or improving the Stewardship Asset to facilitate day to day government operations are capitalized. Capitalization is in accordance with those procedures outlined in the Technical Handbook chapter Guidelines for Real Property Assets Accountability.
3. Project costs during the design and construction phases of any project at a Stewardship Asset that may include both capital and expensed costs should be handled as indicated in the Technical Handbook chapter Guidelines for Real Property Assets Accountability. Construction costs would be considered 'construction in progress' costs and distribution of costs to capitalization and expenses would occur as part of and be indicated in the Real Property Report (RPR) settlement.

The RPR shall identify the expensed costs for Stewardship Assets in the Contracts Breakout as a note and included within the total for "Expensed Items" of the RPR.

4. The value of land is recorded in the RPI in the year purchased.
5. Stewardship Assets shall show and retain an initial capitalized value that was reported in the baseline fiscal year RPI of 1997 or its acquisition cost if acquired after the 1997 RPI.
6. Adjustments to the capitalized value due to renovation or other construction activities shall be made when those construction activities are directly related to

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

maintaining the day to day operations for providing health care and related support.

7. Indian Trust Land is recorded when transferred to IHS.

C. Reporting

A single Stewardship Assets Report will be prepared to meet the standards as follows:

A separate part of the report for Heritage Assets will be prepared. It will indicate the following elements:

- a. Type of asset, i.e. monument, building.
- b. Number of physical units, buildings, structures, or acres.
- c. Acquisition or withdrawal (i.e. exsessed or transferred) method and number.
- d. Statement of Condition of Heritage Assets. Since this is reported as part of the Deferred Maintenance Report totals, the report will reference the Deferred Maintenance Report and indicate no condition information in the Stewardship Asset Report.

A separate part of the report for Non-Federal Physical Property will be prepared. The following elements will be included:

- a. A description of Federally owned real property transferred to a tribe.
- b. Statement indicating authority under which the transfers take place. See Exhibit III
- c. Value of the transferred asset.
- d. Data on assets transferred over the past four years, beginning with FY 1998.

will A separate report for Indian Trust Land will be prepared. It indicate the following elements :

- a. Location of the Asset.
- b. Number of units at location.

Additional information required during the audit process will be provided to the auditors on a case-by-case basis. It is expected that this information will include such things as: information specific to a single facility; back up data for an asset cited; or information by type of structure IHS wide. Depending on the type of information desired, will depend on those who will be responsible for providing the information, i.e. the Areas will need to provide those documents that support the information in the database. It is expected that auditors will visit sites and examine Area records to ensure that the data to support the information in the database is reasonable, rational, available, and organized. It is expected that the methods and calculations used in determining type of asset will also be examined.

5. RESPONSIBILITIES

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

Responsibilities for actions involved in the determination of Stewardship Assets to comply with agency yearly audit requirements as outlined in the FASAB standard are as follows:

- Division of Facilities and Environmental Engineering (DFEE), Headquarters: will prepare the statements, information on IHS real property Stewardship Assets for inclusion in the information to the auditors. Additionally, DFEE will provide information from the database on individual assets as requested by the auditors. These requests will be responded to on a case-by-case basis with information from the database.
- Areas will be responsible for determination of asset types, i.e. Heritage, tracking of both capital and expensed costs indicated in the Technical Handbook chapter Guidelines for Real Property Assets Accountability and inputting data into the RPI database as outlined in the applicable guidelines. The Areas will be responsible for providing this documentation/information to support the data they have entered into the database should the need arise. It is expected that auditors will confirm the information and documentation by visits to the sources of the information in the Areas, be it at the Service Unit or the Area office.

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

EXHIBIT II

STEWARDSHIP ASSETS REPORT
Indian Health Service Facilities

Prepared to meet Federal Accounting Standards Advisory Board
Standard #6 - Supplementary Stewardship Reporting
for Fiscal Year ???? Audit

The Indian Health Service (IHS) has a total of ??? Heritage Assets of a number of different types. In the reporting period the IHS has transferred a total of ??? Non-Federal Real Property Assets. A further breakdown of this information and additional required information is provided in the Exhibits.

Condition of IHS Heritage Assets is included in the totals and commentary provided for IHS managed Federal real property in the Deferred Maintenance Report.

The IHS manages ???? acres of Indian Trust Land in ???? locations.

Exhibits:

- I Heritage Real Property Assets Report - Current Assets
- II Heritage Asset Real Property Report - Acquisitions or Withdrawals in FY ?????
- III Non-Federal Physical Real Property Assets Transferred in FY ?????
- IV Non-Federal Physical Real Property Assets Transferred Over Last Four Years (from FY 1998 forward)
- V Statement of Property Transfer Authority
- VI IHS Managed Indian Trust Land

TECHNICAL HANDBOOK FOR
ENVIRONMENTAL HEALTH AND ENGINEERING
VOLUME IV - REAL PROPERTY MANAGEMENT
PART 38 - ASSET MANAGEMENT

EXHIBIT III

STATEMENT OF PROPERTY TRANSFER AUTHORITY

Public Law (P.L.) 103-413, the Indian Health Care Reform Act of 1994, modified P.L. 93-638, the Indian Self-Determination Act, to allow the Indian Health Service to '. . . donate to an Indian tribe or tribal organization title to any personal or real property. . .', section 105(f)(2). Under this authority the final regulations governing these transfers were developed and published on June 24, 1996, as 25 CFR Part 900.